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NEW PUBLIC MANAGEMENT (NPM) PARADIGM ON PUBLIC SECTOR REFORM IN CAUCASUS REGION

Summary. *This article is about the impact of the New Public Management (NPM) paradigm on public sector reform in Caucasus region. The main objective of the research is to explore the question of whether the three countries': Georgian, Azerbaijan and Armenian public sector reform belongs to the NPM paradigm. NPM was introduced during the 1980s and 1990s in some rich countries in order to replace the traditional model of public administration. However, for Caucasus Region the starting positions, the challenges, the capacity to change, and the initial objectives were quite different from most of the Western European countries.*

Key words: *NPM paradigm, Caucasus region, public sector, challenges, initial objectives.*

Introduction. For more than half a century, public administration reform has been an important task for the governments of both developed and developing countries. The latter have long and diverse experiences with the reformation of the public sector and frequently seek technical assistance in this field in order to improve the process of national development (UNDP, 2004). The attempts for public sector reform in developing countries started as early as the 19th century. However, because of the highly bureaucratic form and highly

centralised administration of the governmental organisations in those countries, including Georgia, Armenia and Azerbaijan.

The reform plan proposed for the Caucasus Region public sector aimed to introduce a results-based model that is in line with the concepts of the New Public Management (NPM) (OCSC, 2002). The ideas behind NPM originated in certain Western countries from economic theories such as transaction cost theory and public choice theory, and from private sector management techniques (Hood, 1991). In relation to the three countries public sector, the old public administrative traditions have been built round social esteem, hierarchical organisational structure and high levels of centralisation (UNDP, 2005b). By contrast, the NPM approach aims to overthrow these features of bureaucracy and replace them with structures, processes and orientations which value results that are achieved with economy and which are those that have proved successful in the private sector (Borins, 2000; Osborne and Gaebler, 1992). All three republics of the South Caucasus became the hardest successor after the collapse of the Soviet Union. In Azerbaijan, a family and clan still has the big influence in public administration. In Armenia, power changes from clan to clan and likewise changes the staff of public institutions. All three republics have serious territorial problems that prevent reforms, even if such a political will is to be matured.

It is noteworthy that neither Armenia nor Azerbaijan has a high rate of employment for public employees as Georgia. Many of the problems in all three countries are similar to: assessment and encouragement system, often "closed" contests, often the reason for reorganization of employees is the practice of dismissal, there is no weak training system, certification is a form of sacred formation (there is Armenia and Georgia).

ARMENIA. The Law on Civil Service was adopted in Armenia in 2001. The independent body was set up by the Civil Service Council, which was tasked to implement the reform and establish a "corps", the institution of public service professional and professional public administrators. The law defines the general principles of public service and, in contrast to other laws, cover most of the issues that are normally regulated by similar legislation. However, with the conclusion of experts from "Sigma", it has a lot of outdated deficiencies and flaws.

Armenia is an example system where many issues on paper are well regulated and fundamental changes may not be needed, but many practice in practice is based on other principles. Recruitment, for instance, is a two-step selection (written test, primarily for examination of the law and interview). High level of corruption is not a secret to any of the state structures and allocation of positions in public service, especially taking into consideration that the public servant takes up the position of life on the basis of favoritism.

In one of the most comprehensive and thoughtful comparative evaluations of post-communist public sector performance, the World Bank (2003) researchers identify four key dimensions of public administration: personnel

management, administrative procedures, performance management, and financial management, adding that, perhaps, for a fuller picture, a policy formulation system should be added as well. The Armenian Government has concentrated its reform efforts laying the framework for proper personnel and financial management and administrative procedures. Performance management and policy formulation have been addressed to the extent they have been implied by the former three. To a certain extent, they are more politicized and thus are harder to tackle, and since everywhere the leading force of the initial stage of public sector reform is couched in terms of neutrality (Holzer, Gabrielyan and Yang, 2006; Roberts 1994). Performance management is being cautiously addressed now, but again, not directly because of its relevance, but as a necessary component for introducing a pay-for-performance system.

Interestingly, the aforementioned World Bank paper came up with a similar conclusion that “performance management systems demonstrated remarkably little influence on anything,” while emphasizing that “building a meritocratic civil service is of universal importance to performance,” and that “a well-functioning system of administrative procedures lays the foundation for meritocracy” (p. ix). This is explained by a score of intertwined factors: sequencing of reforms, strength of formal institutions, historical administrative legacy and leadership. In Kyrgyz Republic, for example, “with [its] newly enacted civil service regime, variations in implementation rely heavily on the idiosyncrasies of managers... This does not imply that formal institutions do not matter in the Kyrgyz Republic; rather, it suggests that leadership and culture bear the lion’s share of the burden for establishing meritocratic and performance-oriented organizational behavior when formal institutions are nascent” (World Bank, 2003, pp.35–36). Though formal institutions play a more significant role in Armenia, to a certain extent, this is true for Armenia as well.

The turn-of-the-century public sector reform has been successful to establish the necessary framework for effective and efficient public administration. The Civil Service system, while not automatically selecting the “best and brightest” for the job, effectively filters out the “worst and dumbest”; although government institutions are not delivering ideally measured and calibrated performance, they do not confuse with overlaps and have basic systems of accountability; although the budget is not tied to the policy objectives in a manner that can be easily understood, it is planned and executed in a long-term, comprehensive and consistent framework. The necessary framework is in place. Is it sufficient enough to deliver efficient public services? Given the slowed pace of reform, one would say a definite no. 47 Public Management Reforms: Armenia Armenia needs to more actively pursue “second-generation” public sector reforms.¹⁰ To paraphrase the famous dictum from the famous essay by Wilson (1887), “It is getting harder to run an institution than to frame one.”

In 2010, 82 percent of the population was responsible for corruption as one of the serious challenges of Armenia. According to the 2009 survey, only 17 percent of the population trusts state institutions. Studies directly speak about the oligarchic rule of the country, which is naturally reflected in the public service and all important partnership is devoted to the devotee of the ruling elite.

GEORGIA. Georgia gained its independence twice in XX century. At first in 1918, however, soon the country was annexed by Russia in 1921. It also ended the first attempt of Public administration system formation and development in the country. In 1991, the country regained its independence for the second time and the formation of modern system of public administration is still ongoing in the country. Scientists talk about so-called "the window of opportunity", which occasionally "opens" for reforms, which is necessary and requires immediate action. After the "closure", the pace and effectiveness of the reforms are declining. Such opportunities can be created by political and economic fluctuations (or both) together. In the case of Georgia, the "Rose Revolution" can be considered as such. After the "Rose Revolution", many people have written about reforms implemented in the public sector and Georgia's experience has attracted the attention of the former Soviet Union and other provinces.

Creating citizen-oriented and non-corrupt environment in the public sector, in the conditions of the decades-long and corrupt bureaucracy, seemed to be an impossible task for many. But the reforms have proven to be effective. The establishment of the "One Window" principle accelerated the public service, eased the citizens with the stress of relationship with the bureaucratic machine and introduced the modern technologies, making it possible for some people to get away from home.

To some extent Georgia was "lucky", in the sense that in many areas it was not necessary to modernize existing practices and systems, but from zero to build. In these cases, the "advantages" of developing countries are comparable to developed countries as they do not "burden" the old system and directly start building new ones. Therefore, the priority goal is to defeat corruption and to approximate the state of the state.

All reforms, including changes in the public sector, were based on the fight against corruption, the first step was the success of the system: the system was largely cleaned out of corruption. However, after completion of this first stage of reforms, in-depth steps, such as the need to establish new, modern relations in public service, are no longer implemented. As a result, the situation is frozen in one place in the public sector (of course, the negative impact of the 2008 war on this and any other reforms).

The World Bank has named the successful reforms implemented in Georgia in terms of adoption and implementation of the "Rose Revolution" in other countries. But as we have noted, the reforms implemented in the public service after the Rose Revolution were not so much focused on the creation of

solid foundations of the public service institution, as the necessity of combating corruption with the necessity of pursuing urgent commitments. The reduction or elimination of corruption in public institutions and the improvement of services provided by the state to the citizens was the main purpose of the changes and not the basis for the future development of the public administration system.

In this regard, unlike the government that came in 2012, the "Rose Revolution" government was oriented on a less ambitious and short-term perspective, which primarily coincided with the fact that the state could independently manage the experience of having no background in the field. What is the most ambitious and unrealistic plan in the short term of the institutional arrangement of the problem and the planning of solutions to other basic reforms. After the Rose Revolution, two possible models of the development of civil service were considered: career service, which implies professional public servants and employment and a contractual service was then decided to make a choice in favor of the other. The approach implied decentralized implementation, that is, all the ministries, the Ministry itself would be responsible for the performance. This means the introduction of competitive, competitive elements in public structures.

The team of young people who came to power decided not to reform the old state structures, but rather to create them. Following the amendments made to the constitution, which resulted in increased power of the president, the soil was prepared for the rapid implementation of the amendments planned by the President. Considering the opinion of international donors, the legislative amendments (the Law on Public Service) were created and a 12-member Civil Service Council was set up to reform the public service.

The absence of a uniform system and put in unequal conditions in comparison to external applicants' internal resources; Nepotism in employment and promotion; Non-transparent form of competitions; The difficulty finding the required qualification staff; Problems related to development of employees' skills (unplanned and unusual character of trainings); Problem with retraining staff; The absence of worker assessment systems and criteria in the majority of public agencies.

Problems related to human resources in public service were related to the 2013 TI Georgia research. The survey is devoted to the staff changes in the public service after the October 1, 2012 elections and notes that during the reporting period (March 1, 2014), the total number of employees of the central and local authorities had been dismissed in the reporting period by 5638 employees. Of the 189 out of which 2336 (41% of the total number of those released) have resigned on their own basis ... As for the new employees in the service, the number of public servants of central and local governments have been appointed to the position of 7008 civil servants during the reporting period. Out of them only 257 (4%) were selected by competition. "

The perspective that Georgia has to be protected from political influence, impartial public service, which will guarantee stability of the state, is of course

very fascinating, but it can be said that at this stage is utopian. The need for change is not questionable. People discharged after every election from the public service and relatives and friends instead of them is a clear sign that the law is more guaranteed to protect civil servants.

However, it is unlikely that the country is ready to go further, depending on the deployment of public service. On the contrary, there is a danger that the practice of nepotism will result in the collapse of the state institutions and the weakening. Any concept of reform will remain a model of fashion terminology if it does not support the political will of decision makers. Georgia intends to move from the Civil Service Contract System to the care system to ensure that the European standard is public service. One of the main strengths of the career system is the greater independence of public servants and the more resistant to political pressure. For example, in case of judges who are appointed for a lifetime, the lifelong appointed designator shall no longer be a loyal performer of the wishes and instructions of political officials and, in case of unacceptable or unlawful instructions, will not prevent him from dismissing him from giving a priority to the law.

AZERBAIJAN. Trust in state institutions is also very low in Azerbaijan. But in official surveys the voter distrust of state institutions does not extend to the president of the country, which takes place in the political system from the parliament and the institutions of the executive power of the Azerbaijan electorate.

Favoritism and nepotism are the most characteristic of the region in Azerbaijan. The uniqueness of the system is the existence of regional clans: all officials are trying to appoint people in their region in the central government. Even at the level of parliamentary committees, it is also a common phenomenon in the ministries and other structures of the executive branch (as well as the so-called street level corruption). The anti-corruption administration created by the president in 2004 (the General Prosecutor) does not show cases of high corruption. At the same time, large state projects, such as "Baku-Tbilisi-Kars", are being carried out ten times more than planned.

According to the Civil Service Model, high rank (1-4 rank) employees are not recruited by competition, but promoted by interview. Recruitment of only low rank (5-7 rank) employees is open competition. This is a very small part of the public service positions.

In Azerbaijan and Armenia, the legislative level is more or less regulated by the issues that are taken into account when evaluating the rights and duties of the civil service system and civil servants in the state (job description, gender balance, recruitment and dismissal). It is enough to look at "Transparency International" data and see that corruption levels are very high in both countries, which directly demonstrates that the reality differs from the principles set out in the paper (Armenia is ranked 94th out of 177 countries in 2013, Azerbaijan is 127, Georgia-55).

Conclusion. Going into the career system cannot solve the problems that are facing public officials today. On the contrary, we can outline some of the challenges that question the success of the career civil service in the Caucasus region:

1. First of all, it is problematic whether the process of selection of public servants will be objective and transparent and will not be used by the ruling political force for the purpose of staffing the loyal people of public institutions.

2. The issue of preparation of higher education institutions is also doubtful about the preparation of future public servants, which makes it anticipated that the public service will still continue to be a field of employment for law faculty.

3. One more important factor is the danger of access to undesirable personnel for national inserts in public service. Due to the fact that the lustration law did not take place in these countries, it would be possible to get into the public service of the same staff or stay in other Soviet republics. We should not forget that in case of public service on career basis, a strong group of interests is established, which owns sufficient resources to influence political processes.

The state governance system and, specifically, the modernization of public service in Caucasus Region is not limited to improving the legislative base and customizing the European standard. These are the countries that have passed a long way to change the EU membership and are still far from the public service stands that are in Western democracies.

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LEADERSHIP IN THE PROCESS OF GLOBAL INTELLECTUALIZATION

***Summary.** There are analyzed the main factors of intellectualization of the national economy in the process of global development in the article, identified and analyzed the factors of global leadership. The disposition of the countries according to different indices and criteria of development is analyzed.*

***Key words:** intellect, intellectual leadership, leadership, global intellectualization*

Formulation of the problem. The sharpening of competition at all levels, the rapid change in competitive positions, the significant stratification of the competitive environment and the change in the basics of competitive struggle - all this is accompanied by the transition to a new world knowledge-based system. Strengthening dependencies between world economies requires the